

CITY OF IDA GROVE

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2012

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CITY OF IDA GROVE

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January, 2012)		
Dennis Ernst	Mayor	January 2014
Bill Carnine	Council Member	January 2012
Paul Cates	Council Member	January 2012
Robert Fineran	Council Member	January 2012
Doug Clough	Council Member	January 2014
Craig Rupert	Council Member	January 2014
Edie Ball	Clerk	Indefinite
Laurel Boerner	Attorney	Indefinite
(After January, 2012)		
Dennis Ernst	Mayor	January 2014
Doug Clough	Council Member	January 2014
Craig Rupert	Council Member	January 2014
Bill Carnine	Council Member	January 2016
Paul Cates	Council Member	January 2016
Robert Fineran	Council Member	January 2016
Edie Ball	Clerk	Indefinite
Laurel Boerner	Attorney	Indefinite

HUNZELMAN, PUTZIER & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
JASON K. RAVELING
TAMMY M. CARLSON, C.P.A.
RICHARD R. MOORE, C.P.A. (RETIRED)
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W. J. HUNZELMAN, C.P.A. 1921-1997

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
Ida Grove, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Ida Grove, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Ida Grove as of June 30, 2012, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2013, on our consideration of City of Ida Grove's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Ida Grove's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the nine year period ended June 30, 2011 (which are not presented herein), and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

March 22, 2013

Hunnigelman, Putzier & Co., PLC

CITY OF IDA GROVE
STATEMENT OF ACTIVITIES AND NET ASSETS – CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Exhibit A

Functions/Programs:	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business Type Activities	Total	
Governmental activities:								
Public safety	\$ 387,153	\$ 9,244	\$ 61,851	\$ 1,519	\$ (314,539)	\$ -	\$ (314,539)	\$ -
Public works	349,456	46,556	209,895	-	(93,005)	-	(93,005)	-
Health and social services	4,667	-	-	-	(4,667)	-	(4,667)	-
Culture and recreation	471,360	188,563	48,671	-	(234,126)	-	(234,126)	-
General government	215,152	6,142	2,298	-	(206,712)	-	(206,712)	-
Debt service	146,665	-	-	-	(146,665)	-	(146,665)	-
Capital projects	426,957	-	21,850	-	(405,107)	-	(405,107)	-
Total governmental activities	<u>2,001,410</u>	<u>250,505</u>	<u>344,565</u>	<u>1,519</u>	<u>(1,404,821)</u>	<u>-</u>	<u>(1,404,821)</u>	<u>-</u>
Business type activities:								
Water	174,063	289,938	-	-	-	115,875	115,875	-
Sewer	182,612	134,458	-	-	-	(48,154)	(48,154)	-
Solid Waste	145,397	146,032	-	-	-	635	635	-
Total business type activities	<u>502,072</u>	<u>570,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,356</u>	<u>68,356</u>	<u>-</u>
Total primary government	<u>\$ 2,503,482</u>	<u>\$ 820,933</u>	<u>\$ 344,565</u>	<u>\$ 1,519</u>	<u>(1,404,821)</u>	<u>68,356</u>	<u>(1,336,465)</u>	<u>-</u>
Component Unit:								
Ida Grove Community Rec Center								
Endowment Trust	<u>\$ 15,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,221)</u>
General Receipts and Transfers:								
Property and other city tax levied for:								
General purposes					817,502	-	817,502	-
Debt service					11,533	-	11,533	-
Tax increment financing					157	-	157	-
Local option sales tax					169,117	-	169,117	-
Hotel-motel tax					38,951	-	38,951	-
Unrestricted interest on investments					2,619	-	2,619	6,482
Proceeds from long-term debt					246,500	-	246,500	-
Miscellaneous					45,588	-	45,588	3,750
Transfers					66,000	(66,000)	-	-
Total general receipts and transfers					<u>1,397,967</u>	<u>(66,000)</u>	<u>1,331,967</u>	<u>10,232</u>
Change in cash basis net assets					(6,854)	2,356	(4,498)	(4,989)
Cash basis net assets beginning of year					<u>1,103,835</u>	<u>364,121</u>	<u>1,467,956</u>	<u>260,213</u>
Cash basis net assets end of year					<u>\$ 1,096,981</u>	<u>\$ 366,477</u>	<u>\$ 1,463,458</u>	<u>\$ 255,224</u>

(continued)

CITY OF IDA GROVE
STATEMENT OF ACTIVITIES AND NET ASSETS – CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Exhibit A
 (continued)

	Program Receipts			Net (Disbursements) Receipts and Changes in Cash Basis Net Assets			
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Component Total Unit
Cash Basis Net Assets							
Restricted:							
Expendable:							
Streets					\$ 196,187	\$ -	\$ 196,187 \$ -
Tax increment financing projects					188,188	-	188,188 -
Other purposes					380,678	-	380,678 -
Ida Grove Community Rec Center					-	-	- 255,224
Unrestricted					331,928	366,477	698,405 -
Total cash basis net assets					<u>\$ 1,096,981</u>	<u>\$ 366,477</u>	<u>\$ 1,463,458</u> <u>\$ 255,224</u>

See notes to financial statements.

CITY OF IDA GROVE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Exhibit B

	Special Revenue						
	General	Road Use Tax	Local Option Sales Tax	Tax Increment Financing	Capital Projects	Nonmajor	Total
Receipts:							
Property tax	\$ 697,122	\$ -	\$ -	\$ -	\$ -	\$ 131,913	\$ 829,035
Tax increment financing	-	-	-	157	-	-	157
Other city tax	38,951	-	169,117	-	-	-	208,068
Licenses and permits	7,380	-	-	-	-	-	7,380
Use of money and property	23,851	-	-	-	-	-	23,851
Intergovernmental	29,589	204,849	-	-	-	1,519	235,957
Charges for services	172,231	-	-	-	-	-	172,231
Miscellaneous	183,527	-	-	-	21,850	-	205,377
Total receipts	1,152,651	204,849	169,117	157	21,850	133,432	1,682,056
Disbursements:							
Operating:							
Public safety	385,646	-	-	-	-	1,507	387,153
Public works	254,029	59,268	-	-	-	36,159	349,456
Health and social services	4,667	-	-	-	-	-	4,667
Culture and recreation	413,590	-	-	-	-	57,770	471,360
General government	184,817	-	-	-	-	30,335	215,152
Debt service	-	-	-	-	-	146,665	146,665
Capital Projects	-	-	-	-	426,957	-	426,957
Total disbursements	1,242,749	59,268	-	-	426,957	272,436	2,001,410
Excess (deficiency) of receipts over disbursements	(90,098)	145,581	169,117	157	(405,107)	(139,004)	(319,354)
Other financing sources (uses):							
Loan proceeds	-	-	-	-	246,500	-	246,500
Operating transfers in	-	-	-	-	100,000	114,700	214,700
Operating transfers out	(100,000)	-	(37,800)	(10,900)	-	-	(148,700)
Total other financing sources (uses)	(100,000)	-	(37,800)	(10,900)	346,500	114,700	312,500
Net change in cash balances	(190,098)	145,581	131,317	(10,743)	(58,607)	(24,304)	(6,854)
Cash balances beginning of year	514,374	337,253	198,076	198,931	(199,956)	55,157	1,103,835
Cash balances end of year	\$ 324,276	\$ 482,834	\$ 329,393	\$ 188,188	\$ (258,563)	\$ 30,853	\$ 1,096,981

CITY OF IDA GROVE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Exhibit B
 (continued)

	Special Revenue				Capital Projects	Nonmajor	Total
	General	Road Use Tax	Local Option Sales Tax	Tax Increment Financing			
Cash Basis Fund Balances							
Restricted for:							
Streets	\$ -	\$ 196,187	\$ -	\$ -	\$ -	\$ -	\$ 196,187
Tax increment financing projects	-	-	-	188,188	-	-	188,188
Other purposes	-	-	329,393	-	-	51,285	380,678
Assigned for equipment	45,281	286,647	-	-	-	-	331,928
Unassigned	278,995	-	-	-	(258,563)	(20,432)	-
Total cash basis fund balances	<u>\$ 324,276</u>	<u>\$ 482,834</u>	<u>\$ 329,393</u>	<u>\$ 188,188</u>	<u>\$ (258,563)</u>	<u>\$ 30,853</u>	<u>\$ 1,096,981</u>

See notes to financial statements.

CITY OF IDA GROVE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Exhibit C

	Enterprise			
	Water	Sewer	Solid Waste	Total
Operating receipts:				
Charges for services	\$ 285,198	\$ 134,248	\$ 146,032	\$ 565,478
Miscellaneous	4,740	210	-	4,950
Total operating receipts	289,938	134,458	146,032	570,428
Operating disbursements:				
Business type activities	174,063	182,612	145,397	502,072
Excess (deficiency) of operating receipts over operating disbursements	115,875	(48,154)	635	68,356
Operating transfers out	(66,000)	-	-	(66,000)
Net change in cash balances	49,875	(48,154)	635	2,356
Cash balances beginning of year	365,103	(76,911)	75,929	364,121
Cash balances end of year	<u>\$ 414,978</u>	<u>\$ (125,065)</u>	<u>\$ 76,564</u>	<u>\$ 366,477</u>
Cash Basis Fund Balances				
Unrestricted	<u>\$ 414,978</u>	<u>\$ (125,065)</u>	<u>\$ 76,564</u>	<u>\$ 366,477</u>

See notes to financial statements.

CITY OF IDA GROVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Ida Grove is a political subdivision of the State of Iowa located in Ida County. It was first incorporated in 1878 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, general government services. The City also provides water, sewer, and solid waste utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, City of Ida Grove has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City.

These financial statements present the City of Ida Grove (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Discretely Presented Component Unit

The Ida Grove Community Rec Center Endowment Trust was established as a non-profit trust in accordance with Section 450.4(2) of the Code of Iowa. The Trust is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. The Trust receives donations for maintaining and improving the facilities, programs, and physical plant of the Rec Center and Community building. These donations are to be used for items which are not included in the City's budget.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of or appoint representatives to the following boards and commissions: Ida County Assessor's Conference Board, Ida County Public Safety and Communications Commission, and Ida County Landfill Commission.

Payments made to Ida County Public Safety and Communications Commission during the year ended June 30, 2012, were \$278,133.

CITY OF IDA GROVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

Expendable Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, (2) grants, contributions, and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for monies received to be used for property tax relief and community betterment.

The Tax Increment Financing Fund is used to account for projects financed by tax increment financing.

CITY OF IDA GROVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation - (Continued)

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Solid Waste Fund accounts for the operation and maintenance of the City's system of solid waste removal.

C. Measurement Focus and Basis of Accounting

City of Ida Grove maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

CITY OF IDA GROVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the culture and recreation and capital projects functions.

2. CASH

The City's deposits in banks at June 30, 2012, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement Number 3, as amended by Statement 40.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

3. BONDS PAYABLE

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending <u>June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	121,434	28,721
2014	126,433	24,536
2015	131,433	20,069
2016	136,433	15,370
2017	141,433	10,380
2018-2022	82,167	20,829
2023-2026	65,734	6,656
	<u>\$ 805,067</u>	<u>\$ 126,561</u>

CITY OF IDA GROVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

4. PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2012, 2011, 2010, were \$35,882, \$30,350, and \$29,223, respectively, equal to the required contributions for each year.

5. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2012, primarily relating to the General Fund, is as follows:

Type of Benefit

Vacation

\$ 15,711

This liability has been computed based on rates of pay in effect at June 30, 2012.

6. SERVICE AGREEMENTS

The City has an agreement with Ida County Sanitation, Inc. for refuse collection and hauling of solid waste and recyclable materials. Payments under this agreement were \$144,751 for the year ended June 30, 2012.

7. HOSPITAL REVENUE NOTES

The City has issued a total of \$8,860,000 of hospital revenue notes for Horn Memorial Hospital under the provisions of Chapter 419 of the Code of Iowa, of which \$6,868,806 is outstanding at June 30, 2012. The bonds and related interest are payable solely from the revenue of the hospital, and the bond principal and interest do not constitute liabilities of the City.

CITY OF IDA GROVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

8. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2012, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects	General	100,000
Debt Service	Special Revenue:	
	Local Option Sales Tax	37,800
	Tax Increment Financing	10,900
	Enterprise:	
	Water	66,000
		<u>114,700</u>
Total		<u>\$ 214,700</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

9. RISK MANAGEMENT

City of Ida Grove is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 10 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with United Health Care. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$408-\$1,146 for single coverage and \$349 for spouse only coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2012, the City contributed \$71,438 and plan members eligible for benefits contributed \$4,188 to the plan.

CITY OF IDA GROVE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

11. DEFICIT FUND BALANCE

The Debt Service Fund, Capital Projects Funds, and the Sewer Fund had deficit balances of \$20,432, \$258,563 and \$125,065, respectively at June 30, 2012. These deficit balances are a result of project costs incurred prior to availability of funds. These deficit balances will be eliminated by special assessments, transfers from other funds, increased rates, or cost reductions.

12. INTERGOVERNMENTAL AGREEMENT

The City entered into an agreement with Ida County to provide for the disposal of solid waste.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The costs to the County for compliance with these requirements have been estimated at \$337,517 according to the County's latest audit report available which was for the year ended June 30, 2011. The Ida County Landfill closed during fiscal year 2008.

The County has begun to accumulate resources to fund these costs and, at June 30, 2011, assets of \$399,730 are restricted for these purposes.

13. CONSTRUCTION CONTRACTS AND COMMITMENTS

The City has entered into the following contracts which were not completed as of June 30, 2012.

<u>Project</u>	<u>Total Contract Amount</u>	<u>Amount Paid As of June 30, 2012</u>	<u>Remaining Commitment As of June 30, 2012</u>
Subdivision construction	\$ 392,689	\$ 366,337	\$ 26,352
Storm sewer repairs	26,333	-	26,333
Total	<u>\$ 419,022</u>	<u>\$ 366,337</u>	<u>\$ 52,685</u>

The remaining commitment on this project will be financed with funds on hand.

OTHER INFORMATION

CITY OF IDA GROVE
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES –
BUDGET AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION
YEAR ENDED JUNE 30, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final To Total Variance
				Original	Final	
Receipts:						
Property tax	\$ 829,035	\$ -	\$ 829,035	\$ 786,163	\$ 786,163	\$ 42,872
Tax increment financing	157	-	157	-	-	157
Other city tax	208,068	-	208,068	249,736	260,674	(52,606)
Licenses and permits	7,380	-	7,380	6,235	6,235	1,145
Use of money and property	23,851	-	23,851	24,625	24,625	(774)
Intergovernmental	235,957	-	235,957	231,754	225,863	10,094
Charges for service	172,231	565,478	737,709	708,148	735,010	2,699
Miscellaneous	205,377	4,950	210,327	159,896	159,896	50,431
Total receipts	<u>1,682,056</u>	<u>570,428</u>	<u>2,252,484</u>	<u>2,166,557</u>	<u>2,198,466</u>	<u>54,018</u>
Disbursements:						
Public safety	387,153	-	387,153	376,109	429,903	42,750
Public works	349,456	-	349,456	426,300	426,300	76,844
Health and social services	4,667	-	4,667	4,667	4,667	-
Culture and recreation	471,360	-	471,360	421,830	436,830	(34,530)
General government	215,152	-	215,152	232,717	232,717	17,565
Debt service	146,665	-	146,665	126,182	146,665	-
Capital projects	426,957	-	426,957	-	418,872	(8,085)
Business type activities	-	502,072	502,072	540,132	540,132	38,060
Total disbursements	<u>2,001,410</u>	<u>502,072</u>	<u>2,503,482</u>	<u>2,127,937</u>	<u>2,636,086</u>	<u>132,604</u>
Excess (deficiency) of receipts over disbursements	(319,354)	68,356	(250,998)	38,620	(437,620)	186,622
Other financing sources (uses)	<u>312,500</u>	<u>(66,000)</u>	<u>246,500</u>	<u>-</u>	<u>213,298</u>	<u>33,202</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,854)	2,356	(4,498)	38,620	(224,322)	219,824
Balance, beginning of year	<u>1,103,835</u>	<u>364,121</u>	<u>1,467,956</u>	<u>801,044</u>	<u>801,044</u>	<u>666,912</u>
Balance, end of year	<u>\$ 1,096,981</u>	<u>\$ 366,477</u>	<u>\$ 1,463,458</u>	<u>\$ 839,664</u>	<u>\$ 576,722</u>	<u>\$ 886,736</u>

See accompanying independent auditor's report.

CITY OF IDA GROVE
NOTES TO OTHER INFORMATION – BUDGETARY REPORTING
JUNE 30, 2012

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year ended June 30, 2012 the budget was amended one time which increase budgeted disbursements by \$508,149. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the culture and recreation and capital projects functions.

SUPPLEMENTARY INFORMATION

CITY OF IDA GROVE
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Schedule 1

	<u>Special Revenue</u>			
	<u>Employee</u>			
	<u>Benefits</u>	<u>FEMA</u>	<u>Debt Service</u>	<u>Total</u>
Receipts:				
Property tax	\$ 120,380	\$ -	\$ 11,533	\$ 131,913
Intergovernmental	-	1,519	-	1,519
Total receipts	<u>120,380</u>	<u>1,519</u>	<u>11,533</u>	<u>133,432</u>
Disbursements:				
Operating:				
Public safety	1,507	-	-	1,507
Public works	36,159	-	-	36,159
Culture and recreation	57,770	-	-	57,770
General government	30,335	-	-	30,335
Debt Service	-	-	146,665	146,665
Total disbursements	<u>125,771</u>	<u>-</u>	<u>146,665</u>	<u>272,436</u>
Excess (deficiency) of receipts over disbursements	(5,391)	1,519	(135,132)	(139,004)
Other financing sources:				
Transfers in	-	-	114,700	114,700
Net change in cash balances	(5,391)	1,519	(20,432)	(24,304)
Cash balances beginning of year	55,157	-	-	55,157
Cash balances end of year	<u>\$ 49,766</u>	<u>\$ 1,519</u>	<u>\$ (20,432)</u>	<u>\$ 30,853</u>
Cash Basis Fund Balances				
Restricted for:				
Other purposes	\$ 49,766	\$ 1,519	\$ -	\$ 51,285
Unassigned	-	-	(20,432)	(20,432)
Total cash basis fund balances	<u>\$ 49,766</u>	<u>\$ 1,519</u>	<u>\$ (20,432)</u>	<u>\$ 30,853</u>

See accompanying independent auditor's report.

CITY OF IDA GROVE
SCHEDULE OF INDEBTEDNESS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Schedule 2

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
General obligation bonds:									
Corporate purpose	October 1, 2006	3.70-3.90	\$ 1,010,000	\$ 675,000	\$ -	\$ 100,000	\$ 575,000	\$ 25,683	\$ -
Infrastructure Note	November 1, 2011	1.25-4.25	246,500	-	246,500	16,433	230,067	4,050	-
Total				<u>\$ 675,000</u>	<u>\$ 246,500</u>	<u>\$ 116,433</u>	<u>\$ 805,067</u>	<u>\$ 29,733</u>	<u>\$ -</u>

See accompanying independent auditor's report.

CITY OF IDA GROVE
BOND AND NOTE MATURITIES
JUNE 30, 2012

Schedule 3

Year Ending June 30	General Obligation Bonds			
	Corporate Purpose		Infrastructure Note	
	<u>Issued October 1, 2006</u>		<u>Issued November 1, 2011</u>	
	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>
2013	3.75	105,000	1.50	16,434
2014	3.80	110,000	1.75	16,433
2015	3.80	115,000	2.00	16,433
2016	3.85	120,000	2.25	16,433
2017	3.90	125,000	2.45	16,433
2018-2022		-	2.65-3.45	82,167
2023-2026		-	3.65-4.25	65,734
		<u>\$ 575,000</u>		<u>\$ 230,067</u>

See accompanying independent auditor's report.

CITY OF IDA GROVE
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

Schedule 4

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts:										
Property tax	\$ 829,035	\$ 775,057	\$ 722,906	\$ 700,117	\$ 701,960	\$ 635,260	\$ 603,344	\$ 537,045	\$ 542,175	\$ 485,730
Tax increment financing	157	105,358	42,301	43,268	42,211	4	34,908	99,718	96,850	183,235
Other city tax	208,068	239,915	204,590	72,214	27,497	60,731	44,748	41,729	38,314	40,097
Licenses and permits	7,380	6,233	6,711	6,606	7,979	7,921	6,870	9,008	6,369	2,190
Use of money and property	23,851	27,507	32,485	51,975	73,213	77,191	63,353	47,954	34,949	42,552
Intergovernmental	235,957	255,820	455,288	222,154	452,118	472,970	291,748	237,346	232,944	344,280
Charges for service	172,231	146,348	140,798	240,967	211,320	202,664	203,660	196,288	172,165	15,733
Special assessments	-	-	-	-	1,298	542	578	2,043	7,614	4,878
Miscellaneous	205,377	196,492	361,048	486,841	245,726	128,480	132,011	210,108	473,297	1,019,413
Total	<u>\$1,682,056</u>	<u>\$1,752,730</u>	<u>\$1,966,127</u>	<u>\$1,824,142</u>	<u>\$1,763,322</u>	<u>\$1,585,763</u>	<u>\$1,381,220</u>	<u>\$1,381,239</u>	<u>\$1,604,677</u>	<u>\$2,138,108</u>
Disbursements:										
Operating:										
Public safety	\$ 387,153	\$ 319,776	\$ 476,719	\$ 306,370	\$ 306,781	\$ 325,842	\$ 280,524	\$ 257,594	\$ 254,600	\$ 260,739
Public works	349,456	400,783	497,260	309,886	420,950	427,731	325,179	295,948	330,013	389,524
Health and social services	4,667	4,667	6,693	6,819	7,464	10,040	20,328	20,763	17,506	21,241
Culture and recreation	471,360	400,499	379,793	572,838	373,495	376,070	383,305	317,698	258,039	1,187,576
Community and economic development	-	-	125,000	-	-	-	-	-	-	-
General government	215,152	236,835	211,800	197,899	213,503	218,002	188,092	180,540	173,439	161,296
Debt service	146,665	161,398	166,612	161,443	182,727	112,965	90,965	131,605	131,715	136,805
Capital projects	426,957	223,680	458,523	72,891	158,749	505,168	207,824	466,939	438,145	-
Total	<u>\$2,001,410</u>	<u>\$1,747,638</u>	<u>\$2,322,400</u>	<u>\$1,628,146</u>	<u>\$1,663,669</u>	<u>\$1,975,818</u>	<u>\$1,496,217</u>	<u>\$1,671,087</u>	<u>\$1,603,457</u>	<u>\$2,157,181</u>

See accompanying independent auditor's report.

HUNZELMAN, PUTZIER & CO., PLC

CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
JASON K. RAVELING
TAMMY M. CARLSON, C.P.A.
RICHARD R. MOORE, C.P.A. (RETIRED)
WESLEY E. STILLE, C.P.A. (RETIRED)
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council
Ida Grove, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Ida Grove, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated March 22, 2013. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of the City of Ida Grove is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Ida Grove's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Ida Grove's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Ida Grove's internal control over financial reporting.

Our consideration of internal control over financial reporting was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-12, I-B-12, I-C-12, I-D-12, and I-E-12, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Ida Grove's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Ida Grove's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit City of Ida Grove's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of City of Ida Grove, and other parties to whom City of Ida Grove may report. This report is not intended to be and should not be used by anyone other than these specified parties.

March 22, 2013

Hungelman, Putzier & Co., PLC

CITY OF IDA GROVE
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part I: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

- I-A-12 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that bank deposits, opening mail, recording receipts and disbursements, checks and payroll preparation, and bank reconciliations are all handled by either of two individuals.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – The City continually monitors accounting procedures and in a small office it is difficult to near impossible to have segregation of duties, as auditors would like. However, when fully staffed there are three employees available to divide the work so it isn't all done by two people.

Conclusion – Response accepted.

- I-B-12 Fire Department and Centennial Commission Funds - The Fire Department and Centennial Commission currently maintain bank accounts which are not included in the City's financial records. These do not appear to be separate non-profit corporations, but may be departments of the City. Chapter 384.20 of the Iowa Code states in part, "A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose, by any city officer, employee, or other person, and which show the receipt, use, and disposition of all city property. Public moneys may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation – These funds should be included in the City's financial records and any disbursements should be budgeted.

Response – We incorporated the fire department's accounts into the City bookkeeping system in December of 2011, and overlooked adding a \$12,828 Fire Department certificate of deposit to the City books. We will, also, meet with the Centennial Committee to discuss their account.

Conclusion – Response accepted.

- I-C-12 Cancellation of Invoices - We noted that invoices for the last claims period were not marked paid to help prevent duplicate payment.

Recommendation - All invoices should be properly canceled to prevent reuse.

Response – This was an oversight due to staffing changes and other issues. Claims in FY12 were later stamped appropriately in addition to the check stub being attached.

Conclusion – Response accepted.

CITY OF IDA GROVE
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part I: Findings Related to the Financial Statements: - (continued)

INTERNAL CONTROL DEFICIENCIES – (continued)

- I-D-12 Financial Reporting – We noted that while management is capable of preparing accurate financial statements that provide information sufficient for City council members to make management decisions, reporting financial data reliably in accordance with an other comprehensive basis of accounting (OCBOA) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation – Obtaining additional knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable OCBOA financial statements.

Response – The City Council is committed to employee training to expand their knowledge base. Also, City staff supplements their knowledge by employing certified public accounting personnel to prepare year-end financial statements or any necessary financial statements.

Conclusion – Response accepted.

- I-E-12 Utility Billing - Reconciliations for utility billing ceased being performed in May, 2012. Accounts receivable trial balance reports were not printed for the last two months of the fiscal year. Therefore, we were unable to determine which accounts were delinquent at June 30, 2012.

Recommendation – Utility billing reconciliations should be performed at the end of each month. Accounts receivable reports should also be printed at the end of each month so that delinquent accounts can be readily determined and reviewed by appropriate personnel

Response – The City Clerk's office experienced staff changes beginning in May resulting in one new employee having to fill in for both utility billing and payroll until new staff could be hired resulting in some reports not being generated. All positions are now filled and have received appropriate training.

Conclusion – Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-12 Certified Budget - Disbursements during the year ended June 30, 2012, exceeded the amount budgeted in the culture and recreation and capital projects functions. Chapter 384.20 of the Code of Iowa states in part that public moneys may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City Clerk will review disbursements to amend the budget appropriately in the proper time rather than at the end of the fiscal year.

Conclusion – Response accepted.

CITY OF IDA GROVE
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part II: Other Findings Related to Required Statutory Reporting: - (continued)

- II-B-12 Questionable Disbursements – We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-C-12 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-D-12 Business Transactions - We noted no business transactions between the City and City officials or employees.
- II-E-12 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-12 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not. However, the minutes were only signed for approval by the Mayor, and not the City Clerk. In addition, the Minute book was not updated and only included minutes through April 26, 2012.

Recommendation – The minutes should be timely and properly signed to indicate approval. They should also be filed in the Minute book in a timely manner.

Response – The City Clerk’s office will timely record signed minutes and file appropriately in the minute book.

Conclusion – Response accepted.

- II-G-12 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment policy.
- II-H-12 Excess Balances - The following funds have balances at June 30, 2012, in excess of one year’s expenditures:

Special Revenue - Road Use
 - Local Option Sales Tax

Recommendation - While it appears that these funds may have an excessive balance, this can usually be justified if the City has a specific plan for future expenditures. The City should consider the necessity of maintaining these substantial balances and, where financially feasible, consider reducing the balances in an orderly manner through revenue reductions.

Response – The City plans on utilizing excess funds in Road Use for street and bridge repairs and/or new street construction. Consideration for utilizing excess funds for the Local Option Sales Tax will be reviewed after the strategic plan is finalized.

Conclusion – Response accepted.

CITY OF IDA GROVE
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2012

Part II: Other Findings Related to Required Statutory Reporting: - (continued)

II-I-12 Financial Condition - At June 30, 2012, the City had deficit balances in the Capital Projects funds: West Access, Ridgeview, and Outdoor Pool of \$106,455, \$153,026, and \$7,431, respectively. In addition, the Sewer and Debt Service funds had deficit balances of \$125,065 and \$20,432, respectively.

Recommendation - The City should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial condition.

Response - The City staff and City Council will review the deficit balances and transfer funds as appropriate.

Conclusion - Response accepted.

II-J-12 Code of Ordinances - The City Code of Ordinances has not been updated in accordance with Iowa Code Chapter 380.8.

Recommendation - Chapter 380.8 of the Iowa Code requires that the Code be updated at least annually by compiling a supplement or compile the Code at least every five years.

Response - The City is in the process of updating the City Code of Ordinances.

Conclusion - Response accepted.